

SENATE BILL 197

F1, B1, Q4

2lr1475

By: **Senator McFadden**

Introduced and read first time: January 20, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Distribution of Revenues – Public School Construction**

3 FOR the purpose of requiring the Comptroller to pay a certain amount of the revenues
4 from the sales and use tax to a certain fund to be used for certain public school
5 construction projects; establishing the Public School Construction Financing
6 Fund as a special, nonlapsing fund; requiring the State Treasurer to hold the
7 Fund and the Comptroller to account for the Fund; specifying the contents of
8 the Fund; specifying the purpose for which the Fund may be used; requiring the
9 Board of Public Works to consider certain factors and approve funding for
10 certain school construction projects; providing the maximum amount of funding
11 the Board of Public Works may approve in certain counties and regions in the
12 State; providing for the investment of money and expenditures from the Fund;
13 and generally relating to the distribution of certain revenues from the sales and
14 use tax imposed on the sale of alcoholic beverages.

15 BY repealing and reenacting, with amendments,
16 Article – Tax – General
17 Section 2–1303
18 Annotated Code of Maryland
19 (2010 Replacement Volume and 2011 Supplement)

20 BY adding to
21 Article – Education
22 Section 5–313
23 Annotated Code of Maryland
24 (2008 Replacement Volume and 2011 Supplement)

25 Preamble

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Chapter 572 of the Acts of the General Assembly of 2011 increased
2 the sales and use tax rate that applies to alcoholic beverages and appropriated
3 \$47,500,000 of the additional revenue to public school construction; and

4 WHEREAS, The need for public school construction in the State continues and
5 this Act makes the \$47,500,000 increase to public school construction permanent; and

6 WHEREAS, In order to facilitate the funding of public school construction at the
7 level of funding appropriated by Chapter 572 of the Acts of 2011, a special fund to
8 finance public school construction, to be administered by the Board of Public Works,
9 should be established by law; now, therefore,

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
11 MARYLAND, That the Laws of Maryland read as follows:

12 **Article – Tax – General**

13 2–1303.

14 After making the distributions required under §§ 2–1301 through 2–1302.1 of
15 this subtitle, the Comptroller shall pay:

16 (1) revenues from the hotel surcharge into the Dorchester County
17 Economic Development Fund established under § 10–130 of the Economic
18 Development Article; [and]

19 (2) **\$47,500,000 TO THE PUBLIC SCHOOL CONSTRUCTION**
20 **FINANCING FUND ESTABLISHED UNDER § 5–313 OF THE EDUCATION ARTICLE;**
21 **AND**

22 (3) the remaining sales and use tax revenue into the General Fund of
23 the State.

24 **Article – Education**

25 **5–313.**

26 (A) IN THIS SECTION, “FUND” MEANS THE PUBLIC SCHOOL
27 CONSTRUCTION FINANCING FUND.

28 (B) THERE IS A PUBLIC SCHOOL CONSTRUCTION FINANCING FUND.

29 (C) THE PURPOSE OF THE FUND IS TO FINANCE PUBLIC SCHOOL
30 CONSTRUCTION.

31 (D) THE BOARD OF PUBLIC WORKS SHALL ADMINISTER THE FUND.

1 **(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
2 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

3 **(2) THE STATE TREASURER SHALL HOLD THE FUND**
4 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

5 **(F) THE FUND CONSISTS OF:**

6 **(1) REVENUE DISTRIBUTED TO THE FUND UNDER § 2-1303 OF**
7 **THE TAX – GENERAL ARTICLE;**

8 **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**
9 **AND**

10 **(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
11 **FOR THE BENEFIT OF THE FUND.**

12 **(G) (1) NOTWITHSTANDING §§ 5-301 AND 5-302 OF THIS SUBTITLE,**
13 **THE FUND MAY BE USED ONLY TO FUND INDIVIDUAL PROJECTS, WHICH MAY OR**
14 **MAY NOT BE ELIGIBLE FOR FUNDING UNDER THE PUBLIC SCHOOL**
15 **CONSTRUCTION PROGRAM, PROVIDED THAT THE PROPOSED PROJECT IS A**
16 **PUBLIC SCHOOL IMPROVEMENT THAT MEETS A SCHOOL OR COMMUNITY NEED.**

17 **(2) THE BOARD OF PUBLIC WORKS SHALL APPROVE EACH**
18 **INDIVIDUAL PROJECT AND CONSIDER:**

19 **(I) REQUESTS FROM THE LOCAL JURISDICTIONS; AND**

20 **(II) PROJECTS THAT:**

21 1. **BENEFIT OLDER SCHOOL BUILDINGS;**

22 2. **BENEFIT SCHOOLS WITH HIGH PROPORTIONS OF**
23 **CHILDREN ELIGIBLE FOR FREE AND REDUCED-PRICE MEALS;**

24 3. **CAN BE COMPLETED WITHIN 1 YEAR;**

25 4. **ELIMINATE OR REDUCE THE USE OF**
26 **RELOCATABLE CLASSROOMS;**

27 5. **ARE DESIGNATED AS A OR B BY THE**
28 **INTERAGENCY COMMITTEE ON PUBLIC SCHOOL CONSTRUCTION AND ARE NOT**

1 FULLY FUNDED IN THE CAPITAL IMPROVEMENT PROGRAM APPROVED BY THE
2 BOARD OF PUBLIC WORKS; OR

3 6. REDUCE ENERGY CONSUMPTION OR
4 INCORPORATE HIGH PERFORMANCE “GREEN” BUILDING PRINCIPLES.

5 (3) FOR EACH FISCAL YEAR, THE BOARD OF PUBLIC WORKS
6 SHALL ALLOCATE THE FUNDS TO THE FOLLOWING COUNTIES OR REGIONS:

7	ANNE ARUNDEL COUNTY	\$5,000,000
8	BALTIMORE CITY	\$9,000,000
9	BALTIMORE COUNTY	\$7,000,000
10	EASTERN SHORE (CAROLINE, DORCHESTER, KENT, QUEEN	
11	ANNE’S, SOMERSET, TALBOT, WICOMICO, AND WORCESTER	
12	COUNTIES)	\$1,250,000
13	HOWARD COUNTY	\$4,000,000
14	MONTGOMERY COUNTY	\$9,000,000
15	NORTHEAST MARYLAND (CECIL AND HARFORD COUNTIES)	\$1,250,000
16	PRINCE GEORGE’S COUNTY	\$9,000,000
17	SOUTHERN MARYLAND (CALVERT, CHARLES, AND ST. MARY’S	
18	COUNTIES)	\$1,250,000
19	WESTERN MARYLAND (ALLEGANY, CARROLL, GARRETT,	
20	FREDERICK, AND WASHINGTON COUNTIES)	\$750,000

21 (H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE
22 FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

23 (2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE
24 CREDITED TO THE GENERAL FUND OF THE STATE.

25 (I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN
26 ACCORDANCE WITH THE STATE BUDGET.

27 (J) MONEY EXPENDED FROM THE FUND FOR PUBLIC SCHOOL
28 CONSTRUCTION IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE

1 PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR PUBLIC
2 SCHOOL CONSTRUCTION.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 June 1, 2012.